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**SUPPLEMENT TO
REPORT NO.**

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THIS IS UNEVALUATED INFORMATION

1. By mid-February 1952, information concerning the revaluation of the leva was sufficiently known throughout Bulgaria to occasion rumors concerning an impending leva reform. These rumors led to a moderate, but by no means excessive, demand for non-perishable goods.
2. However, when the Voice of America broadcast on 17 February 1952 that the leva was about to be revalued, the Bulgarians, always prepared to lend credence to Western broadcasts, readily believed the report (especially since the government did not contradict the rumors), and the week of 18-23 February 1952 saw a very considerable run on the shops, especially for textiles and particularly by the peasants who traditionally have large reserves of liquid funds.¹ Since no announcement of revaluation had been made by 23 February 1952, the week beginning 24 February 1952 saw an appreciable diminution of the buying spree.
3. For the Bulgarian Government, the rumors of reform and the Voice of America broadcast came as a blessing in disguise. There are sufficient stocks in the shops, in view of the artificially high prices charged, to avoid any likelihood of shortages, and the rush of buying had for the Bulgarian authorities the advantage of reducing the note issue, of employing surplus cash, and selling off old and shoddy stock at an enormous profit since practically all retail trade is nationalized.
4. The fact that there has as yet been no official announcement concerning a currency reform does not mean that the leva will not be revalued. A Soviet commission is at present working in Sofia on the question, and revaluation may be expected to be announced in some weeks' time, possibly during April. The result of the revaluation will be to bring parity between the leva and the ruble, and its object is to strengthen the leva in terms of other Satellite currencies so that Bulgaria can obtain her essential imports, especially from Eastern Germany.

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1. Comment: In view of the restrictions on the amount of currency any individual is legally allowed to have in his possession, the fact that all currency over and above this small amount must be deposited in the bank, and the fact that Bulgarian State Security checks up on the sums expended in the "free stores" to determine who is spending more than he is entitled to have, we doubt if the peasants have the "large reserves of liquid funds" they traditionally used to have.

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